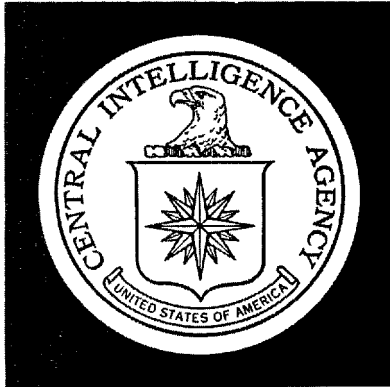


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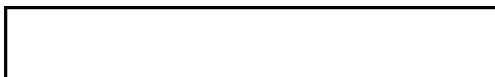
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Philippines-Malaysia: Manila seems disposed to damp down the dispute with Malaysia over Sabah, but the Malaysians still expect Philippine paramilitary moves against the territory.

The Philippine armed forces, probably acting on order of President Marcos, moved quickly late last week to scotch press stories about a flotilla of Malaysian gunboats near Philippine islands off Sabah. The armed forces intelligence chief on 26 July publicly ridiculed "cold war talk and saber-rattling" by his countrymen.

Despite public Philippine efforts to ease tensions, the Malaysian Government remains convinced that the Philippines will infiltrate Sabah. There is no evidence at this time to support these Malaysian suspicions.

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[Kuala Lumpur does not appear to be contemplating any precipitate action. The Malaysian cabinet is awaiting a report by the ambassador to Manila on the situation. The ambassador's press statements on his arrival in Kuala Lumpur yesterday suggest that he would convey to Malaysian authorities his feeling that Manila is in a conciliatory mood.]

Malaysia so far is holding to its position that discussions on the Philippine claim to Sabah ended with the collapse in mid-July of the month-long Philippine-Malaysian talks in Bangkok. The Malaysians are opposed even to informal discussions on Sabah during the upcoming regional conferences. They would agree, however, to discuss all other aspects of bilateral relations with the Filipinos. Philippine Foreign Secretary Ramos apparently intends to approach the Malaysian delegates to the Asian and Pacific Council meeting later this week. If he avoids pressing the issue of Sabah, this approach may at least help to keep the channels of communication open.

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France: Paris appears to be making an effort to improve the climate of relations with the US, but no basic changes in French policy have yet occurred.

In the past several months, De Gaulle and other ranking officials, including Foreign Minister Debré, have not only made positive statements on Franco-American relations to US officials but also have refrained from public criticism of US policies and actions. The state-controlled radio-TV service, following the government lead, has reduced considerably the volume of its anti-US remarks, particularly regarding Vietnam and American "hegemony."

US military attachés have been encouraged by signs of increased friendliness and willingness to cooperate among French military personnel. Paris also has been cooperating much more closely in the field of security. France's agreement this week, at Washington's request, to ban further public meetings on Vietnam for the duration of the US-Vietnamese negotiations appears to be another specific step to improve relations.

There is still no evidence at this juncture that France seeks a genuine rapprochement with the US. The German Ambassador in Paris recently found De Gaulle's remarks about US policy as critical as ever. Foreign Minister Debré also sees France as still threatened by overwhelming US power and is particularly concerned with the activities of American industry in Europe.

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NOTES

Philippines: President Marcos has ordered the Philippine civic action group in Vietnam reduced by 15 August to 1,000 men from the present 1,800. He apparently feels this step will persuade the Senate to supply funds for continued operation of the non-combatant force. The government appeared earlier to have the votes to pass the appropriation bill, but Marcos now seems to think some of the pledges are soft and that he will have to make further concessions to senators who question the Philippine role in Vietnam.

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